

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

37

March 23, 2004

FROM: **DAVID H. SLAUGHTER**, Director
Real Estate Services Department

ROBERT McKERNAN, Director
Museum

SUBJECT: LEASE AMENDMENT WITH RENAISSANCE HEALTH SYSTEM, LLC

RECOMMENDATION: Approve Amendment No. 4 to Lease Agreement No. 00-523 with Renaissance Health System, LLC to decrease the leased space by 681 square feet for a total of 676 square feet of office space and reduce the monthly rent for the remaining term, which ends June 30, 2004, in Redlands for the Museum in the amount of \$4,440.

BACKGROUND INFORMATION: On June 27, 2000, the Board approved a one-year lease agreement (No. 00-523) with one one-year option to extend for 1,357 square feet of office space at 2048 Orange Tree Lane in Redlands. The original term of the lease was from July 1, 2000 through June 30, 2001. In the four years since the lease was originally approved, the Board has approved three amendments, which are summarized below:

<u>Amend. No.</u>	<u>Approval date</u>	<u>Action</u>
1	June 12, 2001	• Exercised the one one-year option extending the term to June 30, 2002
2	June 25, 2002	• Extended the term one year to June 30, 2003 • Added two one-year options to extend
3	June 24, 2003	• Exercised the first of two one-year options extending the term to June 30, 2004

The Museum requested Real Estate Services Department (RESA) negotiate with the landlord to reduce the office space and monthly rent for the remainder of the term. The Museum has no immediate use for 681 square feet of the leased space and plans to close the entire office on June 30, 2004. The office space will be reduced from 1,357 square feet to 676 square feet and the monthly rent will be reduced from \$1,832 (\$1.35/sq. ft./full service) to \$1,110 (\$1.64/sq. ft./full service). Savings over the remaining four months of the lease term will be \$2,888 [(\$1,832 per month - \$1,110 per month) x four months]. The higher per square foot rental rate is a negotiated rate between the County and the landlord for the remainder of the term. The lease allows for the use of the common area, which is not part of the leased premises. The lease terms are summarized as follows:

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Lessor: Renaissance Health Systems, LLC
 (Alfred Pragasan, member)

Location: 2048 Orange Tree Lane, Redlands

Size: 676 sq. ft.

Term: Four months

Options: One one-year option remains

	<u>Cost per sq. ft. per month</u>	<u>Monthly</u>	<u>Annual</u>
Rent: (old)	\$1.35	\$1,832	\$21,984
(new)	\$1.64*	\$1,110	\$ 4,440**

*High-range for the Redlands area

** Only four months remain on the term of this lease

Improvement costs: None

Custodial: Provided by Lessor

Maintenance: Provided by Lessor

Utilities: Provided by Lessor

Right to terminate: County has the right to terminate with 90-days notice

Parking: Sufficient for County needs

REVIEW AND APPROVAL BY OTHERS: This item has been reviewed by County Counsel (Rex Hinesley, Chief Deputy County Counsel, 387-5465) on February 9, 2004; Museum (Claudia Crees, Staff Analyst, 798-1679) on March 9, 2004; and the County Administrative Office [Daniel R. Kopp (387-3828) and Tom Forster (387-4635), Administrative Analysts] on March 15, 2004.

FINANCIAL IMPACT: The total cost for the remainder of the term is \$4,440 (\$1,110 per month x four months). This amendment will result in savings of \$2,888 [\$722 per month (\$1,832 per month - \$1,110 per month) x four months]. The lease term ends on June 30, 2004. Payments are made from the Rents budget (AAA RNT) and reimbursed from the Museum budget (AAA CCM).

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with the department's and RESD's proposal, and recommends this action based on the Museum's reduced need for office space and the reduced monthly rent. This lease can be terminated with 90-days notice.

SUPERVISORIAL DISTRICTS: Third

PRESENTER: David H. Slaughter, Director, 387-7813

SH 387-7814 mf 387-7825